

## FAQ's - Employer Services - Business Owners filing for Unemployment Compensation

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Answers:

1. Can a sole proprietor or a partner in a partnership draw unemployment if the business closes?
  - Normally they cannot. Sole proprietor and partner compensation is not reportable and they cannot pay unemployment tax on themselves. As such, unless they have wages from covered employment with another employer, they will not have any recorded earnings on which to base a claim.[Back to top](#)
2. Can the owner of a business file a claim for unemployment?
  - Anyone has the right to file a claim for unemployment compensation. Whether they can [Back to top](#) depends on the individual circumstances and the type of business entity.
3. How do I find information about the status of my account, such as my tax rate or if there are delinquent reports or taxes due?
  - You can find this information by going to your IFile account. You can also call, toll free, 1 (800) 897-5630 and choose the Employer Option to access information about your specific account, as well as general tax information.[Back to top](#)
4. If a person owns a business that is structured as a Corporation or as an S-Corporation, has been drawing a salary and paying unemployment insurance, and then goes out of business, can the owner claim unemployment?
  - Yes, they can claim unemployment compensation. The reason for their unemployed status will be reviewed. If the person simply closed or sold the business because they chose to close their business for personal reasons, a separation issue may have to be adjudicated as a voluntary quit. They must also be able, available and seeking work as [Back to top](#) individual, not simply developing work prospects to revive their business.

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5. What effect would an owner's claim for partial unemployment have on future tax rates?
- The effect is the same as for any other benefits paid. Future tax rates will be adjusted based on benefits paid and taxable wage amounts in order to recover any amounts paid plus any adjustments for trust fund factors. For instances, if the person draws \$2,000 in partial unemployment benefits, and the trust fund balance is 50%, the tax rates will be adjusted in future years to recover an additional \$3,000 spread over the next 4 calendar years (\$750 per year). This is in addition to any other trust fund factors that can affect

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6. What if business slows down, they are able to work only 20 hours a week rather than 40, and they cannot pay themselves their normal salary? Can they receive unemployment benefits?
- A reduction in the number of hours worked and pay received from his own business would not allow that employer to be covered by the provisions of the partial unemployment insurance program. However, an employer may file a claim for benefits, and after which a determination would be reached concerning his eligibility for benefits.

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